## DECLARATION OF MICHAEL L. WALTON

2 I, Michael Walton, declare under penalty of perjury under the 3 laws of the State of California that the following recitation is true and correct. 4

5 1. I am an Attorney duly licensed to practice before all the Courts in the State of California. 6

7 On or about December 5, 1986, Gerald Armstrong consulted me 2. about certain proposed terms of a settlement contract that he was 8 negotiating with the Church of Scientology International in the 9 then pending matter of Gerald Armstrong v. Church of Scientology of 10 California. Specifically, Mr. Armstrong asked about a proposed 11 clause relating to liquidated damages. I informed him that 12 13 California Courts would tend to look very closely at such clauses and that there were certain requirements for sustaining their 14 15 validity and further that any such term must show some reasonable relationship to the claimed damage or it might be treated as an 16 unenforceable penalty. 17

In addition, I indicated to Mr. Armstrong that using the 18 3. example of the reciprocal application of an attorneys fee provision 19 20 in a contract, he may have a strong argument in equity for the 21 reciprocal application of the proposed liquidated damages clause.

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- The facts hereinabove recited are personally known to me and if called upon to testify, I could and would competently do so. 23 Dated: November 17, 1991 24

25 Place: San Anselmo, CA

Michael L. Walton

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